

Xin Wang
14890 Montavlo Rd.
Saratoga, CA 95070
(408) 827-8597
saratoga10172023@gmail.com
pro se Plaintiff

Kevin Lu
2361 Brandini Dr.
Dublin, CA 94568
(408)598-1892
kevinxinlu@gmail.com
pro se Plaintiff

FILED

DEC 19 2024

CLERK, U.S. DISTRICT COURT
NORTH DISTRICT OF CALIFORNIA
SAN JOSE OFFICE

④
SMC
NP
C

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION**

C

24 09224

NC

XIN WANG and KEVIN LU

Case No.: _____

Plaintiff,

COMPLAINT

vs.

DEMAND JURY TRIAL

FTI CONSULTING LLP

Defendant.

INTRODUCTION

1. Plaintiffs Xin Wang ("Wang") and Kevin Lu ("Lu") (collectively, "Plaintiffs") bring this action against Defendant FTI Consulting LLP ("FTI" or "Defendant") for fraudulent misrepresentation and contractual breach arising from the engagement of FTI to serve as an

1 expert witness in an appraisal proceeding (“Appraisal Action”) concerning the fair value of
2 Plaintiffs' minority shareholdings in JA Solar Holdings Co., Ltd. (“JA Solar”), a China-based
3 solar panel manufacturer.

4
5 2. Over the course of two years, FTI invoiced its clients, including Plaintiffs, a total of \$5
6 million for reviewing discoverable documents provided by JA Solar, preparing two expert
7 reports and remotely attending a 90-minute management team hosted by JA Solar.

8
9 3. Plaintiffs relied on FTI’s professional expertise to provide valuation services and
10 expert reports. Contrary to these expectations, FTI engaged in excessive, unnecessary billing
11 hours, concealment of staffing turnover, and general mismanagement of the Engagement,
12 causing Plaintiffs financial loss.

13
14 4. Plaintiffs seek damages for Defendant’s breach of contract and fraudulent
15 misrepresentation, including recovery of overpaid fees, additional costs incurred, and
16 consequential damages arising from Defendant’s misconduct.

17 **PARTIES**

18
19 5. Plaintiff Xin Wang is an individual residing in the state of California, county of Santa
20 Clara. Plaintiff Kevin Lu is an individual residing in the State of California, the county of
21 Alameda.

22
23 6. Defendant FTI Consulting LLP is a limited liability partnership organized under the
24 laws of England, with its principal place of business in London, England. FTI is a subsidiary of
25 FTI Consulting, Inc, the global business consulting advisory firm headquartered in Washington
26 D.C., with offices in California.
27
28

JURISDICTION AND VENUE

7. This District Court has subject matter jurisdiction Pursuant to 28 U.S.C. § 1332(a)(1), because there exists diversity of parties and the amount in controversy exceeds \$75,000.

8. Defendant has purposefully availed itself of the benefits and protections of California law by engaging in substantial business activities within the State of California, including (1) executing and maintaining contracts with California residents; (2) providing professional consulting services to California-based clients; (3) Effectuating physical service of judicial documents in California residential addresses; (5) Generating substantial revenue from services provided to California residents.

9. The exercise of personal jurisdiction over Defendant is reasonable and does not offend traditional notions of fair play and substantial justice. The claims asserted in this Complaint arise out of or relate to Defendant's contacts with California, thereby satisfying the requirements for personal jurisdiction.

10. Venue is proper in this Court pursuant to 28 U.S.C. § 1391. The acts and omissions giving rise to this Complaint occurred, in substantial part, in this district, and Plaintiffs reside in this district, making it a convenient and appropriate forum for this action.

STATEMENT OF FACTS

11. As of January 1, 2020, a group of shareholders, including Plaintiffs, were litigants of the Appraisal Action against JA Solar before the Grand Court of Cayman Islands. The nature of the Appraisal Action was straightforward: JA Solar was Cayman Islands-incorporated company based in China. From 2007 to 2018, JA Solar was listed on NASDAQ. In July 2018,

1 JA Solar's management took the company private through a cash merger transaction. A group of
2 shareholders, including Plaintiffs, disputed the transaction's value and demanded appraisal of
3 their shares. As a result, a petition was filed at the Grand Court of Cayman Islands for judicial
4 determination of the fair value of those shares subject to the appraisal demand.
5

6 12. To effectively argue the valuation dispute with JA Solar in the Appraisal Action,
7 Plaintiffs interviewed several consulting firms and academic experts in the field of corporate
8 finance to serve as the expert witness capable of producing supportive valuation reports—FTI was
9 one of the firms that pitched for the engagement. These interviews were conducted between
10 January to May 2020.
11

12 13. During the interview process, FTI represented to Plaintiffs that it was able to not
13 only provide capable expert witness services, but also manage the engagement in the most cost-
14 effective way, for the following reasons:
15

- 16 a) FTI was already serving as the expert witness in a separate appraisal action
17 involving Trina Solar ("Trina Appraisal"), another comparable China-based solar
18 panel manufacturer taken private by its management in 2017. Given the similar
19 underlying circumstances, FTI's professionals possessed the relevant experience
20 in valuing a China-based solar panel manufacturers such as JA Solar.
21
- 22 b) FTI anticipated that bulk of the billings will arise from labor-intensive task of
23 reviewing discoverable documents in Chinese to extract the useful elements as
24 basis for FTI's expert reports. FTI assured Plaintiffs that it had a team of
25 professionals proficient in Chinese who could efficiently conduct the document
26 review.
27
28

1 c) FTI committed to assigning and maintain a stable team of “handful” employees to
2 the Engagement. FTI further assured that it would provide timely notice of any
3 departures of key team members or other significant staffing changes.

4
5 d) Given the factors above, FTI projected that its professionals would likely incur
6 significantly fewer hours in Engagement compared to the Trina Appraisal or other
7 similar appraisal engagements.

8
9 14. Plaintiffs relied on the FTI’s representations. On or about May 5, 2020, Plaintiffs
10 signed the engagement agreement whereby Defendant agreed to provide expert valuation
11 services to Plaintiffs, in connection with the Appraisal Action before the Grand Court of Cayman
12 Islands (the “Engagement”).

13
14 15. Pursuant to the Engagement Agreement, Defendant was retained to provide the
15 following services:

- 16
17 a) Prepare an expert report.
18 b) Attend any management meeting in-person.
19 c) Prepare a joint expert report.
20 d) Prepare for and attend court; and
21 e) Assist with any other segments of work that may arise.

22 16. Engagement Agreement required FTI’s fees be “reasonably and properly
23 incurred.” FTI was obligated to “perform the Engagement using all reasonable skill and care.”

24 17. In the second half of 2021, JA Solar’s discoverable documents were produced to
25 Plaintiff, and all such documents were exclusively in Chinese. FTI assigned a team of
26 professionals to review those documents. During multiple meetings held between FTI and
27 Plaintiffs in 2020 and 2021, FTI represented that its team would leverage its experience from
28

1 Trina Appraisal case, given the similarity of the two companies in the same industry; and FTI also
2 assured that it had assigned small and efficient professionals tailored to requirement of the
3 Engagement, and would provide notice if any key employees depart the Engagement, preventing
4 redundant billing.
5

6 18. In September 2021, FTI delivered its first expert report (“FER”) that primarily
7 consists of a discounted cash flow (“DCF”) valuation of JA Solar, in accordance with section
8 4(1) of the Engagement agreement.
9

10 19. In December 2021, Plaintiffs received the invoices and corresponding timesheets
11 detailing the billing hours incurred by FTI employees for the SER. Upon reviewing those
12 timesheets, Plaintiffs identified significant discrepancies contradicting prior representations
13 made by FTI, including the following:
14

- 15 a) Most employees with relevant experience from the Trina Appraisal left the
16 Engagement in 2021. A majority of the FTI Employees who incurred hours had
17 no apparent knowledge in the solar industry.
18
- 19 b) Much of the document reviewing work were performed by FTI employees
20 without proficiency in Chinese, contrary to prior assurances.
21
- 22 c) Approximately twenty-five FTI employees worked on the DCF model, with a
23 significant portion of the work duplicated due to the frequent staff turnover.
24
- 25 d) FTI failed to notify Plaintiffs of the departure of any “key employees” or the
26 hiring new and inexperienced professionals for this Engagement, despite its prior
27 commitment to do so.
28

1 20. On February 24, 2022, Plaintiffs emailed FTI outlining concerns regarding their
2 employees' billing practice and underlying action that were contradictory to their
3 representations. Plaintiffs received no response from FTI.
4

5 21. In March 2022, FTI provided additional assurance, stating that the employees
6 assigned to the Engagement were well-suited and FTI had managed the Engagement in a "cost-
7 effective" manner.
8

9 22. In April 2022, FTI produced the second expert reports ("SER") that primarily
10 consists of summary of the difference between the SER and the report produced by the expert
11 witness retained by JA Solar.
12

13 23. In May 2022, Plaintiffs received the invoices and corresponding timesheets
14 related to the production of the SER. Upon receiving reviewing those timesheets, Plaintiffs
15 noticed that names of most billed employees were unfamiliar, indicating that they were likely
16 newly hired employees to replace the "key employees" that departed the Engagement.
17

18 24. In July of 2022, Plaintiffs requested FTI to provide a complete summary of all
19 employees who billed time on the Engagement. Specifically, Plaintiffs requested FTI:
20

- 21 a) Identify the employees that also participated in the Trina Appraisal.
22 b) Disclose the employees with Chinese language skill that that participated in
23 document reviewing.
24 c) Disclose the employees that left the Engagement (or whose employment with FTI
25 was terminated), as well as newly assigned employees that replaced those
26 departed ones.
27
28

1 25. In response, FTI provided an Excel spreadsheet listing the names of all employees
2 incurred time in the Engagement but declined to provide the specific staffing details that
3 Plaintiffs requested. The spreadsheet showed that a total of 46 employees worked on the
4 productions of the two expert reports, resulting in a total billing charge of \$4,896,619.
5

6 26. The records showed that most billing employees involved in the Trina Appraisal
7 departed Engagement in 2021, with newly hired employees brought in as replacements, redoing
8 the same valuation work that were already completed by the departed employees.
9

10 27. Similarly, the records also showed all employees had Chinese language
11 proficiency had either left the Engagement or otherwise been terminated at early stage of the
12 Engagement. These findings directly contradicted FTI's assurances and representations.
13

14 28. FTI's billing of nearly \$5 million, with 46 employees, for the preparation of two
15 expert reports concerning the valuation of a Solar Panel manufacturer was highly excessive.
16 Because the Appraisal Action was not highly contested, no court hearing requiring the
17 attendance of FTI was ever held. Similarly, JA Solar held only one management meeting, a 90-
18 minute-long Zoom call, which FTI attended. No other meeting required FTI's attendance.
19

20 29. From October 2022 to March 2023, FTI and Plaintiffs exchanged multiple
21 correspondences. FTI asserted that Plaintiffs failed to pay for the full amount of issued invoices.
22 Plaintiffs contended that FTI engaged in professional negligence and fraudulent
23 misrepresentation, deliberately inflating the billing related to the Engagement.
24

25 30. During the same period, Plaintiffs conducted investigation into FTI's billing
26 practice in other comparable engagements. Specifically, Plaintiffs focused on the several
27 appraisal actions where FTI also served as an expert witness on behalf of shareholders:
28

Comparable Engagements	Jurisdiction	Year	FTI provided:
Chinese E-Commerce Dangdang	Cayman Islands	2018	- Three Reports - Court Appearance
E-House (China) Holdings	Cayman Islands	2018	- Two Reports - Court Appearance
Jardine Strategic	Bermuda	2022	- Three Reports - Court Appearance

31. The findings from these comparable cases support the theory that FTI deliberately concealed staffing issues and mismanaged the Engagement, resulting in overbilling by at least a factor of 3X.

32. In December 2022, Plaintiffs requested that FTI provide explanations regarding the significant billing discrepancy between the Appraisal Action and these comparable cases in which FTI was also retained to provide expert witness services. Plaintiffs received no response.

33. In February 2023, Plaintiffs conducted searches and reviewed the LinkedIn profiles of each of the 46 billing employees of FTI. The findings were consistent, showing that more than half of these 46 billing employees left FTI or had their association with FTI terminated during the course of the Engagement.

34. FTI failed to adhere to professional standards and engaged in egregious misconduct during the Engagement, including:

- a) Overbilling Plaintiffs for unnecessary and excessive hours.
- b) Performing redundant or duplicative work without notice to Plaintiffs.
- c) Concealing the termination of employees who had worked on the Engagement.

1 d) Assigning employees who lacked the appropriate skill sets to the Engagement.

2 e) Misrepresenting its management and oversight of the Engagement.

3
4 35. Plaintiffs relied on FTI's representations concerning the management and
5 execution of the Engagement. Plaintiffs later discovered that these representations were false and
6 misleading, and that Defendant's conduct caused Plaintiffs to incur financial damage.

7
8
9 **FIRST CAUSE OF ACTION**

10 **(Fraudulent Misrepresentation)**

11 36. Plaintiffs incorporate by reference all prior paragraphs as though fully set forth
12 herein.

13
14 37. Defendant made material representations to Plaintiffs regarding its ability to
15 manage the Engagement, allocate appropriate resources, and adhere to professional standards.

16
17 38. Defendant knew or should have known these representations were false, as
18 Defendant engaged in overbilling, mismanagement, and concealment of critical information.

19 39. Plaintiffs reasonably relied on Defendant's representations to their detriment.

20
21 38. As a direct and proximate result of Defendant's fraudulent misrepresentations, Plaintiffs
22 have suffered damages in an amount to be proven at trial, including but not limited to
23 overpaid fees, consequential damages, and interest.

24
25 39. Plaintiffs discovered the fraud in January of 2023.

SECOND CAUSE OF ACTION

(Breach of Contract)

40. Plaintiffs incorporate by reference all prior paragraphs as though fully set forth herein.

41. Plaintiffs and Defendant entered into a valid and enforceable contract on or about May 5, 2020, wherein Defendant agreed to provide expert valuation services for Plaintiffs in connection with the Fair Value Action.

42. Defendant materially breached the terms of the contract which required all chargeable fees much be “

43. Plaintiffs performed all obligations required under the Agreement, or such performance was excused or rendered impossible due to Defendant’s material breach.

44. Defendant materially breached the Agreement by, among other things: (a) Overbilling Plaintiffs for unnecessary and excessive hours; (b) Failing to allocate qualified employees to the Engagement; (c) Concealing the termination of employees involved in the Engagement.

45. Specifically, Defendant breached the contract by failing to ensure that all chargeable fees were “*reasonable and properly incurred.*” Defendant also violated its contractual obligation to “*perform the Engagement using all reasonable skill and care.*”

46. As a direct and proximate result of Defendant’s breach, Plaintiffs have suffered damages in an amount to be proven at trial, including but not limited to overpaid fees, consequential damages, and interest.

PRAYER FOR RELIEF

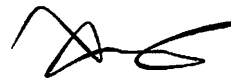
WHEREFORE, Plaintiffs pray for judgment against Defendant as follows:

1. For compensatory damages in an amount to be proven at trial;
2. For restitution of all overpaid fees and charges;
3. For punitive damages arising from Defendant's fraudulent conduct;
4. For pre-judgment and post-judgment interest as allowed by law;
5. For reasonable attorneys' fees and costs of suit; and
6. For such other and further relief as the Court deems just and proper.

JURY DEMAND

Pursuant to Federal Rule of Civil Procedure 38(b), Plaintiffs demands a trial by jury.

Dated: December 20, 2024



XIN WANG

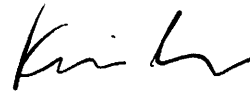
14890 Montavlo Rd.

Saratoga, CA 95070

(408) 827-8597

saratoga10172023@gmail.com

pro se Plaintiff



KEVIN LU

2361 Brandini Dr.

Dublin, CA 94568

(408)598-1892

kevinxinlu@gmail.com

pro se Plaintiff